

CITY OF ALAMEDA

Memorandum

To: Honorable Mayor and
Members of the City Council

From: John A. Russo
City Manager

Date: September 20, 2011

Re: Authorize the City Manager or His Designee to Enter into Purchase and Financing Agreements for an Amount not to Exceed \$3,257,194 for the Replacement of Fire Department Apparatus and Fire and Police Department Radios

BACKGROUND

Radios

The City Council adopted a resolution on September 21, 2010, to enter into an operating agreement with the East Bay Regional Communications System Authority (EBRCSA) for a regional radio communication program. The new regional communications system will go into effect as early as July 1, 2012. In order to implement the EBRCSA program, certain City departments must replace their existing radios. Both the Police and Fire Departments have a plan for replacing their radios now. The Housing Authority replaced its radios last year. Alameda Municipal Power expects to replace its radios by the end of this calendar year, while the Public Works Department will replace its radios by the end of this fiscal year.

Apparatus

The Public Works Department is responsible for the vehicle and equipment replacement (Fleet) program. The replacement program is based on the City of Alameda's Fleet Replacement Criteria which considers the useful life of vehicles and equipment in terms of age, mileage (or hours), and usage. Vehicles and equipment scheduled for replacement are also reviewed and analyzed for safety history and operating performance to determine if a vehicle or equipment may be replaced later. In addition, vehicles and equipment are reviewed to determine if the minimum use guidelines are met. The adopted FY11-12 budget includes the replacement of three Fire Department apparatus – a staff car, a fire engine, and a fire truck – based on the program's replacement criteria.

DISCUSSION

Radios

Implementing the City's new radio communication system requires the purchase of new handheld and vehicle radios for both Police and Fire.

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The Alameda Municipal Code, Subsection 2-61-7, Joint Purchases with Public Agencies, provides authority for the City to use another government agency's competitive bidding process to purchase materials, supplies, equipment, vehicles, and apparatus, "provided the purchase is the result of competitive bidding or proposal and is made in compliance with the competitive bid or proposal requirements of any participating agency or organization in a manner that is consistent with law." In order to assure a cost-effective purchase, the Police and Fire Department propose to "piggy-back" onto the 2009 Contra Costa County P25 Subscriber Radio Contract.

The Police Department requires 118 handheld and 85 vehicle radios for a total cost of \$834,422. The Fire Department will need 88 handheld and 39 vehicle radios for a total cost of \$672,772. Combined, the total cost for radios is \$1,507,194. The Police and Fire Departments researched financing options for the radio purchase as represented below.

Institution	Interest Rate	Term (years)	Annual Payment	Total Payments	Special Conditions
Motorola Solutions Credit Company	3.02%	5	\$325,148	\$1,625,742	First Payment Due in One Year
	3.22%	7	\$240,778	\$1,685,443	
Holman Capital Corporation	1.69%	5	\$314,566	\$1,572,830	4 Payments per Year, First Payment Due in 90 Days
	1.79%	7	\$229,245	\$1,604,713	
Oshkosh Capital	1.96%	5	\$316,696	\$1,583,482	First Payment Due in One Year
	2.27%	7	\$233,076	\$1,631,533	

The rates and payment amounts obtained from the vendors above are as of September 6, 2011, are indexed to various Federal Reserve rates, and may be subject to change at the time of the execution of the lease agreement. Holman Capital also offers an annual payment option, with rates between 10 to 15 basis points higher. Staff recommends executing an agreement for the financing of the radio purchase with the vendor that offers the lowest annual interest rates and payment terms that allow for the deferral of the first payment for one year.

Apparatus

The Public Works Department has determined that the 1991 Pierce Arrow fire engine and 1991 Pierce Arrow fire truck are ready to be placed in reserve and that one 1997 Ford Crown Victoria sedan is due for replacement in accordance with the City's Fleet Replacement Criteria. The Fire Department requests that the Crown Victoria be replaced with a pick-up truck to tow the Department's new rescue boat, and the City Manager supports this change in vehicle status. Upon delivery of the new fire engine and fire truck,

two 1988 Pierce Arrow fire engines, currently functioning as reserve fleet vehicles, will be surplused. Similarly, the sedan will be surplused upon delivery of the new pick-up truck.

The Fire Department has completed technical specifications for one Pierce 1500 gallon per minute fire engine that will be paramedic equipped, one Pierce 100' aerial ladder truck and one pick-up truck. Normal construction and delivery for a new fire engine and a new fire truck is nine to 12 months, while the pick-up truck will take approximately four months.

The most efficient and cost-effective method of apparatus purchase is to "piggy-back" onto the existing competitive bid purchase contract with Pierce Manufacturing and the City of Berkeley and City of Santa Cruz for fire apparatus, and the State of California contract for the pick-up truck. This purchase method is consistent with the City of Alameda's Municipal Code Subsection 2-61-7 "Joint Purchases with Public Agencies."

The Fire Department researched financing options for the engine and aerial ladder truck assuming the purchase will not exceed \$1.75 million. The cost of the pick-up truck is included in the Fire Department's FY 11-12 budget.

Institution	Interest Rate	Term (years)	Annual Payment	Total Payments	Special Conditions
Bank of Alameda	4.875%	10	\$221,456	\$221,456	N/A
	N/A	12	N/A	N/A	
	N/A	15	N/A	N/A	
Alameda Credit Union	4.750%	10	\$220,180	\$220,180	20% Down Payment Required
	4.950%	12	\$193,700	\$193,700	
	5.500%	15	\$172,787	\$172,787	
Holman Capital Corporation	2.56%	10	\$198,540	\$1,985,402	4 Payments per Year, First Payment Due in 90 Days
	2.89%	12	\$172,753	\$2,073,040	
	3.04%	15	\$145,426	\$2,181,397	
Oshkosh Capital	2.70%	10	\$199,882	\$1,998,824	First Payment Due in One Year
	2.99%	12	\$173,737	\$2,084,841	
	3.17%	15	\$146,745	\$2,201,179	

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FINANCIAL IMPACT

Debt service payments for the radio and apparatus purchase will be made from the City's Equipment Replacement Fund (Fund 701), to be funded beginning in FY13-14 by annual cost allocation charges to the Police and Fire Department budgets in the General Fund.

Funding for the pickup truck for the Fire Department has been accounted for in the FY11-12 Vehicle Replacement Fund budget (Fund 701).

MUNICIPAL CODE/POLICY DOCUMENT CROSS REFERENCE

This action is authorized pursuant to Alameda Municipal Code Subsection 2-61.7 "Joint Purchases with Public Agencies."

RECOMMENDATION

Authorize the City Manager to enter into purchase and finance agreements for an amount not to exceed \$3,257,194 for the replacement of Fire Department apparatus and Fire and Police Department radios.

Respectfully submitted,



Michael D'Orazi
Interim Fire Chief



Michael C. Noonan
Chief of Police

Approved as to funds and account,



Fred Marsh
Controller